



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

January 25, 2000

*this RC & surety
replace*

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Request for Approval, Form and Amount of Reclamation Surety, Gemstone Mining Inc.,
Ruby Violet Mine, M/001/045, Beaver County, Utah

The Division has finalized its review of the large mine permit application and surety documents for Gemstone Mining, Inc.'s Ruby Violet Mine, located in Beaver County, Utah. Tentative approval was granted on September 23, 1999. The tentative approval notice was published and no adverse comments were received for this project during the 30-day public comment period.

Gemstone Mining previously posted a \$18,200 Letter of Credit to cover an exploration project (E/001/097). A \$37,500 check issued by Zions Bank was also posted with the Division as interim surety for two other associated projects (S/001/011 and S/001/012), while the operator was in the process of submitting a large mining notice to cover all three of these areas.

We are now prepared to grant our final approval for this project. The operator has provided us with a new Reclamation Contract and a \$200,200 replacement Letter of Credit issued by Bank One of Dallas, Texas. Our legal counsel, Tom Mitchell, has checked the forms for accuracy. Would you please sign and date the documents so we can issue final approval for the Ruby Violet Mine?

Done 1-27-00

Upon the issuance of our final approval, we will simultaneously return the two interim sureties to Gemstone Mining Company. Thank you for your consideration of this request.

jb
Enclosure: Original MR-RC & surety
M01-45.mem

FORM MR-RC
Revised January 7, 1999
RECLAMATION CONTRACT

File Number M/001/045

Effective Date Jan 27, 2000

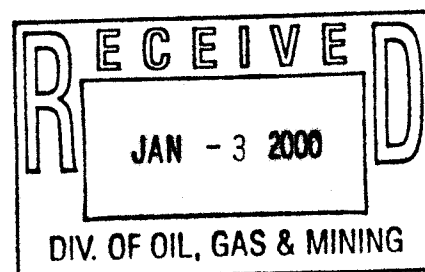
Other Agency File Number UTU-72232

Checked by AAG

VOID

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*RC replaced
11-29-01*



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/001/045</u>
(Mineral Mined)	<u>Red Beryl</u>
"MINE LOCATION":	
(Name of Mine)	<u>Ruby Violet Mine</u>
(Description)	<u>26 miles west of Minersville UT in the</u>
	<u>Wah Wah Mountains, Beaver County UT</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>31.49 Acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Gemstone Mining Inc.</u>
(Address)	<u>PO Box 3413</u>
	<u>Cedar City UT 84721</u>
(Phone)	<u>435-559-7751</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Scott H Wilkinson

PO Box 3413

Cedar City UT 84721

5127 North 2900 West Cedar City UT 84720

435-559-7751

"OPERATOR'S OFFICER(S)":

E. Kelly Hyslop - Chairman of Board

Scott H. Wilkinson - Vice President

Clinton H. Christensen - President

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Bank One,

"SURETY AMOUNT":

(Escalated Dollars)

\$200,200.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Gemstone Mining Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/045 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated February 3, 1999, and the original Reclamation Plan dated February 3, 1999. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Gemstone Mining Inc.
Operator Name

By Scott H Wilkinson
Authorized Officer (Typed or Printed)

Vice President Finance & Administration
Authorized Officer - Position

Scott H Wilkinson
Officer's Signature

11/3/2000
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 3rd day of January, 192000, personally
appeared before me Scott H Wilkinson who being by
me duly sworn did say that he/she, the said Scott H Wilkinson
is the Vice President Finance & Administration of Gemstone Mining Inc.
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Scott H Wilkinson duly acknowledged to me that said
company executed the same.

Melanie K. Engen
Notary Public
Residing at: Salt Lake

1/20/00
My Commission Expires:



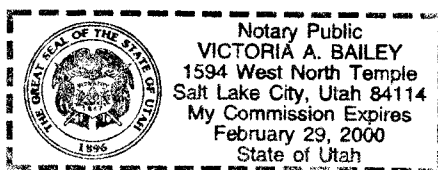
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

1/27-00
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 27th day of January, 19 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

<u>Gemstone Mining Inc.</u>	<u>Ruby Violet Mine</u>
Operator	Mine Name
<u>M/001/045</u>	<u>Beaver</u> <u>County, Utah</u>
Permit Number	

The legal description of lands to be disturbed is:

NW 1/4 of NW 1/4, Section 29 Township 29 South Range 14 West
NE 1/4 of NW 1/4, Section 29 Township 29 South Range 14 West
NE 1/4 Section 30, Township 29 South Range 14 West
SW 1/4 Section 20, Township 29 South Range 14 West
SE 1/4 Section 19, Township 29 South Range 14 West

BANK ONE, UTAH, N.A. - 1717 MAIN STREET, 11TH FLOOR, DALLAS, TEXAS 75201
TELEPHONE: 1-800-924-5435

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

PLACE AND DATE OF ISSUE:
DALLAS, TEXAS 12/31/1999

DATE AND PLACE OF EXPIRY:
01/01/2001 IN DALLAS, TEXAS

APPLICANT:
GEMSTONE MINING, INC.
P.O. BOX 3413
CEDAR CITY, UTAH 84721

ADVISING BANK:
NOT APPLICABLE

BENEFICIARY:
UTAH DIVISION OF OIL, GAS
AND MINING
1594 W. NORTH TEMPLE, STE. 1210
SALT LAKE CITY, UTAH 84114-5801

AMOUNT: USD200,200.00
TWO HUNDRED THOUSAND
TWO HUNDRED AND
NO/100 U.S. DOLLARS

*original LOC
returned to
bank by
letter 11-30-01*

GENTLEMEN,

1. BANK ONE, UTAH, N.A., ("BANK ONE") OF SALT LAKE CITY, UTAH HEREBY ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT (THE "LETTER OF CREDIT") IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING (THE "DIVISION") FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$200,200.00 IN UNITED DOLLARS ("FACE AMOUNT") EFFECTIVE IMMEDIATELY.

2. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS: (a) 5:00 O'CLOCK P.M. (DALLAS, TEXAS TIME) ON JANUARY 1, 2001 OR (b) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE GEMSTONE MINING, INC. (THE "OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF THE RUBY VIOLET SAMPLING PLANT, E/001/107 WITH NOTICE TO BANK ONE BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION, PROVIDED THAT SUCH DOCUMENTS ARE PRESENTED PRIOR TO EXPIRATION.

3. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR SUCCESSIVE PERIOD OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS BANK ONE GIVES NOTICE TO THE DIVISION, NINETY (90) DAYS PRIOR TO THE EXPIRATION DATE THAT BANK ONE ELECTS NOT TO RENEW THE LETTER OF CREDIT. ANY SUCH NOTICE SHALL BE BY CERTIFIED MAIL, OR OVERNIGHT COURIER AT DIVISION'S ADDRESS SHOWN ABOVE.

4. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE UPON BANK ONE'S RECEIPT OF (a) THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. STR15129 DELIVERED TO THE OFFICE OF BANK ONE, TEXAS, N.A., NATIONAL STANDBY LETTER OF CREDIT DEPARTMENT, 1717 MAIN STREET 11TH FLOOR, DALLAS, TEXAS 75201, (b) THE DIVISION'S CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION, AND (c) THE ORIGINAL OF THIS LETTER OF CREDIT AND AMENDMENTS, IF ANY. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DOES NOT EXCEED THE FACE AMOUNT.

RECEIVED

IAN 03 2000

DIVISION OF OIL, GAS & MINING

PAGE TWO WHICH FORMS AN INTEGRAL PART OF LETTER OF CREDIT NO. STR15129

5. IF BANK ONE RECEIVES THE DIVISION'S SIGHT DRAFT(S), CERTIFICATE(S) AND THIS LETTER OF CREDIT, BANK ONE WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, DALLAS, TEXAS TIME, ON THE THIRD BUSINESS DAY FOLLOWING BANK ONE'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN ACCORDANCE WITH THE DIVISION'S INSTRUCTIONS.

6. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH AND SHALL BE SUBJECT OT THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500, AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME ("UCP"). IN THE EVENT OF A CONFLICT BETWEEN UTAH LAW AND THE UCP, UTAH LAW SHALL GOVERN.

7. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO BANK ONE, UTAH, C/O BANK ONE, TEXAS, N.A., NATIONAL STANDBY LETTER OF CREDIT DEPARTMENT, 1717 MAIN STREET 11TH FLOOR, DALLAS, TEXAS 75201, REFERENCING LETTER OF CREDIT NO. STR15129.

BANK ONE, UTAH, N.A.

BY: CHERYL P. WOLFE
(NAME TYPED OR PRINTED)

BY: Zohira Estrada
(NAME TYPED OR PRINTED)

Cheryl P. Wolfe
(AUTHORIZED SIGNATURE)

TITLE: OFFICER

Zohira Estrada
(AUTHORIZED SIGNATURE)

TITLE: OFFICER

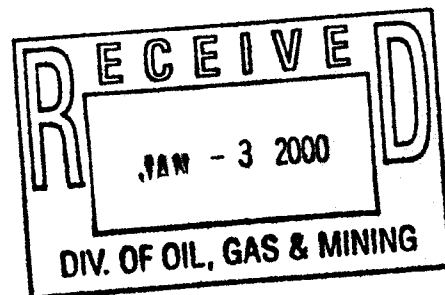


EXHIBIT B**TO****LETTER OF CREDIT STR15129**

I, _____ A DULY AUTHORIZED REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING, HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF \$ _____, BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. STR15129 DATED DECEMBER 31, 1999 ISSUED BY BANK ONE, UTAH, NA IS PERMITTED UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR TERMINATED, (3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT, DOES NOT EXCEED THE FACE AMOUNT, AND (4) THE UTAH BOARD OF OIL, GAS AND MINING, AFTER NOTICE AND HEARING, HAS ENTERED AN ORDER WHICH HAS NOT BEEN STAYED, ORDERING FORFEITURE OF THE LETTER OF CREDIT NO. STR151129, IN ACCORDANCE WITH APPLICABLE LAW. PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE EXPENSES RELATING TO THE RECLAMATION LIABILITY, TOGETHER WITH THE COSTS OF COLLECTION, INCLUDING ATTORNEYS FEES, FOR THE RUBY VIOLET SAMPLING PLANT (MINE), E/001/107 (MINE PERMIT NUMBER).

UTAH DIVISION OF OIL, GAS AND MINING

BY: _____
AUTHORIZED SIGNATURE

DATE: _____

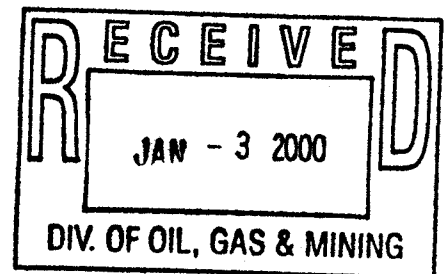


EXHIBIT A – SIGHT DRAFT

TO

LETTER OF CREDIT NUMBER STR15129

DATE: _____

PAY TO THE ORDER OF: UTAH DIVISION OF OIL, GAS AND MINING

_____ AND _____/100 DOLLARS

(\$ _____) DRAWN UNDER THE BANK ONE, UTAH, NA LETTER OF CREDIT NO.
STR15129, DATED _____.

TO: _____

UTAH DIVISION OF OIL, GAS AND MINING
1594 W. NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UT 84114-5801

BY: _____
AUTHORIZED SIGNATURE

**BANK ONE, UTAH, N.A. - 1717 MAIN STREET, 11TH FLOOR, DALLAS, TEXAS 75201
TELEPHONE 1-800-924-5435
AMENDMENT TO LETTER OF CREDIT NUMBER**

DATE: JANUARY 18, 2000

**APPLICANT:
GEMSTONE MINING, INC.
P.O. BOX 3413
CEDAR CITY, UTAH 84721**

**BENEFICIARY:
UTAH DIVISION OF OIL, GAS AND MINING
1594 W. NORTH TEMPLE, STE. 1210
SALT LAKE CITY, UTAH 84114-5801**

AMENDMENT NUMBER ONE (1)

RECEIVED

JAN 19 2000

**DIVISION OF
OIL, GAS AND MINING**

GENTLEMEN:

PLEASE BE ADVISED THAT THE SUBJECT LETTER OF CREDIT HAS BEEN AMENDED AS FOLLOWS:

- **PARAGRAPHS NO. 2, 4 & 5 SHOULD NOW READ:**
 2. **THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS: (a) 5:00 O'CLOCK P.M. (DALLAS, TEXAS TIME) ON JANUARY 1, 2001 OR (b) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE GEMSTONE MINING, INC. (THE "OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF THE RUBY VIOLET MINE M/001/045 WITH NOTICE TO BANK ONE BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION, PROVIDED THAT SUCH DOCUMENTS ARE PRESENTED PRIOR TO EXPIRATION.**
 4. **FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE UPON BANK ONE'S RECEIPT OF (a) THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. STR15129 DELIVERED TO THE OFFICE OF BANK ONE, TEXAS, N.A., NATIONAL STANDBY LETTER OF CREDIT DEPARTMENT, 1717 MAIN STREET 11TH FLOOR, DALLAS, TEXAS 75201, (b) THE DIVISION'S CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION, AND (c) THE ORIGINAL OF THIS LETTER OF CREDIT AND AMENDMENTS, IF ANY. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFT NOT EXCEED THE FACE AMOUNT.**
 5. **IF BANK ONE RECEIVES THE DIVISION'S SIGHT DRAFT(S), CERTIFICATE(S) AND THIS LETTER OF CREDIT AS PROVIDED IN PARAGRAPH #4 ABOVE, ON OR BEFORE THE EXPIRATION OR TERMINATION OF THIS LETTER OF CREDIT, BANK ONE WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, DALLAS, TEXAS TIME, ON THE THIRD BUSINESS DAY FOLLOWING BANK ONE'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN ACCORDANCE WITH THE DIVISION'S INSTRUCTIONS.**
- **EXHIBIT B HAS CHANGED AS ATTACHED HEREIN AS "REVISED EXHIBIT B"**

CONTINUED ON PAGE TWO WHICH FORMS AN INTEGRAL PART OF THIS LETTER OF CREDIT

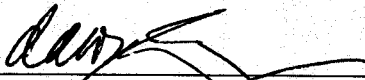
PAGE TWO WHICH FORMS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER

THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE CREDIT AND MUST BE ATTACHED THERETO.

ALL OTHER TERMS AND CONDITIONS OF THE CREDIT REMAIN UNCHANGED.

PROVISIONS APPLICABLE TO THIS CREDIT: THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500 (OR ANY REVISION THERETO).

BANK ONE, UTAH, N.A.

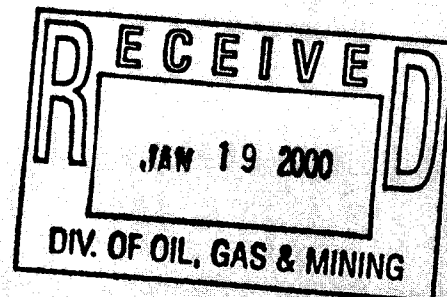


AUTHORIZED SIGNATURE
SM:

REVISED EXHIBIT B

TO

LETTER OF CREDIT STR15129



I, _____ A DULY AUTHORIZED REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING, HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF \$ _____, BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. STR15129 DATED DECEMBER 31, 1999 ISSUED BY BANK ONE, UTAH, NA IS PERMITTED UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR TERMINATED, (3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT, DOES NOT EXCEED THE FACE AMOUNT, AND (4) THE UTAH BOARD OF OIL, GAS AND MINING, AFTER NOTICE AND HEARING, HAS ENTERED AN ORDER WHICH HAS NOT BEEN STAYED, ORDERING FORFEITURE OF THE LETTER OF CREDIT NO. STR15129, IN ACCORDANCE WITH APPLICABLE LAW. PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE EXPENSES RELATING TO THE RECLAMATION LIABILITY, TOGETHER WITH THE COSTS OF COLLECTION, INCLUDING ATTORNEYS FEES, FOR THE RUBY VIOLET MINE M/001/045 (MINE PERMIT NUMBER).

UTAH DIVISION OF OIL, GAS AND MINING

BY: _____
AUTHORIZED SIGNATURE

DATE: _____

**BANK ONE, UTAH, N.A. - 1717 MAIN STREET, 11TH FLOOR, DALLAS, TEXAS 75201
TELEPHONE 1-800-924-5435
AMENDMENT TO LETTER OF CREDIT NUMBER ..**

DATE: FEBRUARY 3, 2000

**APPLICANT:
GEMSTONE MINING, INC.
P.O. BOX 3413
CEDAR CITY, UTAH 84721**

**BENEFICIARY:
UTAH DIVISION OF OIL, GAS, AND MINING
1594 W. NORTH TEMPLE, STE. 1210
SALT LAKE CITY, UTAH 84114-5801**

AMENDMENT NUMBER TWO (2)

GENTLEMEN:

PLEASE BE ADVISED THAT THE SUBJECT LETTER OF CREDIT HAS BEEN AMENDED AS FOLLOWS:

• PARAGRAPH NO. 1 SHOULD NOW READ:

- 1. BANK ONE, UTAH, N.A. ("BANK ONE") OF SALT LAKE CITY, UTAH HEREBY ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT (THE "LETTER OF CREDIT") IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING (THE "DIVISION") FOR ITSELF AND AS AN AGENT FOR THE UNITED STATES BUREAU OF LAND MANAGEMENT (COLLECTIVELY, THE "BENEFICIARY") FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$200,200.00 IN UNITED DOLLARS ("FACE AMOUNT") EFFECTIVE IMMEDIATELY.**

THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE CREDIT AND MUST BE ATTACHED THERETO.

ALL OTHER TERMS AND CONDITIONS OF THE CREDIT REMAIN UNCHANGED.

PROVISIONS APPLICABLE TO THIS CREDIT: THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500 (OR ANY REVISION THERETO).

BANK ONE, UTAH, N.A.



AUTHORIZED SIGNATURE
SS:

